



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

**BOARD OF SUPERVISORS**

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First District

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July 7, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 4 TO AGREEMENT NO. H-209835 WITH  
MEDTEXT, INC. FOR OVERFLOW MEDICAL TRANSCRIPTION SERVICES**  
(First District) (3 Votes)

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 4, substantially similar to Exhibit I, with MedText, Inc. for continued overflow medical transcription services to the LAC+USC Healthcare Network, to extend the agreement on a month-to-month basis under current rates of payment, effective August 1, 2005 through April 30, 2006. The maximum cost for the nine month extension period is \$450,000.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

In approving the recommended action, the Board is authorizing the Director of Health Services (DHS or Department), or his designee, to sign Amendment No. 4 to Agreement No. H-209835 with MedText, Inc. (MedText), to allow for the continued provision of overflow medical transcription services for the LAC+USC Healthcare Network (LAC+USC).

The Department of Health Services (DHS or Department) has experienced delays with the release of the new solicitation for these services. Initially, the services were intended to be part of the Master Agreement solicitation process, but the Department decided to forego the Master Agreement. The Department was preparing an Invitation for Bids (IFB) for release, however the process was delayed due to the need to conduct a work measurement analysis to determine if these services were being utilized on an intermittent basis.

The current agreement is scheduled to expire on July 31, 2005. Board approval of the term extension will ensure uninterrupted services of necessary medical transcription services, while allowing the Department to complete a Request for Proposals (RFP) process in accordance with section 44.7 of the County Charter, and implemented by section 2.121.250 et seq. of the Los Angeles County Code, which permits the County to contract with the private sector when it is economically feasible.

FISCAL IMPACT/FINANCING:

Amendment No. 4 to Agreement H-209835 will be effective August 1, 2005 through April 30, 2006, with a maximum net County cost of \$450,000.

Funding for this agreement extension is included in the Fiscal Year (FY) 2005-06 Adopted Budget and will be requested in future fiscal years as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On August 4, 1998, the Board approved Agreement No. H-209835 with MedText to provide overflow medical transcription services at LAC+USC, effective August 1, 1998 through July 31, 1999, with provisions for three one-year automatic renewals through July 31, 2002. The agreement also authorized the Director to enter into a six-month term extension and this option was utilized to extend the agreement through January 31, 2003.

On January 21, 2003, the Board approved Amendment No. 1 which extended the contract term through January 31, 2004, updated the standard County contract provisions and authorized an increase of approximately \$22,250 to the contract amount. The increase in the contract amount was due to a \$0.01 increase in the rate per line to \$0.17 in order to reimburse the contractor for additional contractor costs associated with adding the Jury Service Program to the Agreement.

On January 13, 2004, the Board approved Amendment No. 2 which extended the contract term through January 31, 2005 and updated the contract provisions in regard to safely surrendered baby law requirements.

On January 18, 2005, the Board approved Amendment No. 3 which extended the contract term through July 31, 2005 and authorized a contract amount increase of \$100,500 over the previous six-month period. These additional costs were related to workload increases as a result of implementation of the Affinity Healthnotes System.

The recommended amendment will extend the contract month-to-month, effective August 1, 2005 through April 30, 2006 at the same rates as the prior extension period. The implementation of the Affinity Healthnotes System requires additional transcriptions on an ongoing basis.

The agreement can be terminated at any time by the County providing a 30-day written notice.

Contract monitoring functions will be performed by Health Information Management staff at LAC+USC. After review of the work measurement analysis, the Department has determined that it is appropriate to treat future medical transcription agreements at LAC+USC as Proposition A agreements. The Department is already working on a Proposition A RFP for transcription services at other facilities, scheduled for release in approximately September 2005. Thus, the Department will likely include LAC+USC medical transcription services in that RFP to contract services to the extent necessary to supplement County staff.

County Counsel has approved Amendment No. 4 as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

In February 1997, MedText, Inc. was selected from among a list of three proposers who submitted bids in response to the Department's Request for Proposals (RFP) for Overflow Medical Transcription Services.

The Honorable Board of Supervisors  
July 7, 2005  
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In mid-year 2004, a Request for Statement of Qualifications was in progress for the purpose of developing a Master Agreement, however, DHS determined that these services should be released as a separate IFB solicitation.

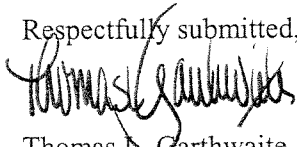
DHS has experienced delays with the release of the new solicitation for these services due to the need to conduct a work measurement analysis to determine if these services fall under Proposition A guidelines. After review of the workload statistics, the Department has determined that it is appropriate to treat future medical transcription agreements at LAC+USC as Proposition A agreements. A Proposition A RFP is scheduled for release in approximately September 2005.

IMPACT ON CURRENT SERVICES (OR PROJECT):

Approval of the amendment will provide the continued provision of overflow medical transcription services to LAC+USC.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas D. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:ks

Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

MedTransBL2005.ks.wpd

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

Overflow medical transcription services for the LAC+USC Healthcare Network.

2. AGENCY NAME AND CONTACT PERSON:

MedText, Inc.  
1850 Dove Street  
Newport, California 92660  
Attention: Jerry Woods, President  
Telephone: (949) 399-9216

3. TERMS:

The amendment will extend Agreement No. H-209835 for nine months on a month-to-month basis effective August 1, 2005 through April 30, 2006.

The complete contract term of the agreement is August 1, 1998 through April 30, 2006.

4. FINANCIAL INFORMATION:

Funding for this agreement is included in the FY 2005-06 Adopted Budget and will be requested in future budget requests as required. The total maximum cost for the nine month extension is \$450,000, net County cost.

5. GEOGRAPHIC AREA SERVED:

Health Information Management at the LAC+USC Healthcare Network

6. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Pete Delgado, Administrator

7. APPROVALS:

LAC+USC Healthcare Network:	Pete Delgado
Contract Administration:	Irene E. Riley, Director
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel:	Christina Salseda, Deputy County Counsel

OVERFLOW MEDICAL TRANSCRIPTION SERVICES AGREEMENT

MEDTEXT, INC.

AMENDMENT NO. 4

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2005

by and between the

COUNTY OF LOS ANGELES  
(hereafter "County"),

and

MEDTEXT, INC., (hereafter  
"Contractor").

WHEREAS, reference is made to that certain document entitled  
"OVERFLOW MEDICAL TRANSCRIPTION SERVICES AGREEMENT", dated August  
4, 1998, and further identified as County Agreement No. H-209835,  
Amendment No. 1. thereto dated January 21, 2003, Amendment No. 2  
thereto dated January 13, 2004, and Amendment No. 3 dated January  
18, 2005 (hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend its term and to make the changes described  
hereinafter; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective August 1, 2005.

2. Paragraph 1., "TERM AND TERMINATION", of the body of this Agreement shall be deleted in its entirety and shall be replaced with the following:

"1. TERM AND TERMINATION: This Agreement shall be extended on a month-to-month basis for a period not to exceed nine (9) months, unless cancelled or terminated, through 12:00 A.M. on April 1, 2006 under current terms and conditions and under rates of payment which existed on July 31, 2005.

Notwithstanding any other provision of this Paragraph, the failure of Contractor or its officers, employees, or agents to comply with the terms of this Agreement or any directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereof and this Agreement may be terminated immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time."

3. Paragraph 4, "BILLING AND PAYMENT", shall be amended to change reference to "Exhibit C-3, (Payment)" to read as "Exhibit C-4, (Payment)".

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County  
of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Affiliate has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

MEDTEXT, INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF COUNTY COUNSEL

By: \_\_\_\_\_  
County Counsel

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Cara O'Neill, Chief  
Contract and Grants

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PAYMENT

Subject to the payment provisions of the body of this Agreement, County shall compensate Contractor hereunder as follows:

- A. Contractor shall bill County at the following fees per transcribe line for the period August 1, 2005 through April 30, 2006.

<u>RATE PER</u> <u>TRANSCRIBED LINE</u>	<u>BACK-UP</u> <u>DICTATION SYSTEM</u>
\$0.1700	\$0.1700

- B. Contractor shall submit to County on a monthly basis an itemized bill, indicating the total number of transcribed lines performed during the month immediately preceding the month in which the billing is submitted. Billings shall be submitted to Medical Center as follows:

County of Los Angeles  
 Department of Health Services  
 LAC+USC Healthcare Network  
 Expenditure Management  
 1200 North State Street  
 Los Angeles, California 90033

- C. A transcribed line shall constitute any and all typed characters within a seven (7) inch margin, exclusive of pre-programmed lines: e.g., headers, footers, macros, not requiring character entries. All transcription shall be typed with a ten (10) pitch element.

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